

Waukesha County

Mission

Waukesha County is committed to leading the way in the delivery of high quality services to the public by working together with our communities and stakeholders.

Strategic Directives

The directives established by the County's management team form an outline for County departments as they engage in strategic planning, budgeting and program implementation. These directives are used to guide decision-making and assist in the allocation of resources.

Strategic Directive 1: **Manage Resources with Fiscal Prudence**

Continually assess County needs and performance to identify cost efficiencies and service enhancement opportunities while providing long-term financial stability.

Strategic Directive 2: **Provide Comprehensive Customer Service**

Improve the citizens' ease of doing business with the County in new and existing service delivery areas.

Strategic Directive 3: **Innovation and Continuous Quality Improvement**

Develop innovative business practices and initiate quality improvement to enhance service delivery.

Strategic Directive 4: **Retain and Develop a High Quality Workforce**

Continually assess the labor market and existing business culture; respond to skill development needs and establish a positive employee work environment.

WAUKESHA COUNTY PLANNING PROCESSES

PLANNING FOR THE FUTURE

To plan for the future, Waukesha County continues to engage in a strategic planning process, which focuses on long term planning and our desire to be a mission driven organization continuously improving its services and operations.

The County develops five-year capital projects and debt financing plans. In addition, a five-year operating budget plan is developed, which incorporates key assumptions, significant strategic budget initiatives and budget drivers.

The County has processes to identify and plan for recurring operational needs for the following; Building and Grounds Maintenance; Vehicle and Equipment Replacements; Technology and Transportation infrastructures.

BUDGET BOOK REFERENCE

The County's strategic plan is referenced throughout the document as part of each departments' strategic directives and objectives, which are directly linked to the Waukesha County Mission Statement.

The County's capital plan and the operational equipment replacement/facility and grounds/parks maintenance plans are part of the operating budget document itself. The specific page references for these plans are included in the table of contents and budget index.

The specific plans and processes used in the development and management of the County budget are listed in the summary chart below.

Further detail on the County budget and operations can be obtained from the Waukesha County web site at www.waukeshacounty.gov

	TYPE OF PLANNING PROCESS	DESCRIPTION OF PROCESS	BUDGET IMPACTS
Strategic Planning	Long Range (3 to 10 years) with objectives established for budget year.	Department Plans are developed with review and coordination by the County Executive Office.	Allows for reallocation of resources to predetermined strategic goals and objectives.
Capital Projects Plan	Five-year plan includes project listing by plan year.	County Executive submits plan for County Board approval by resolution with possible County Board amendments.	Provides predictable funding level from year to year to allow planning for debt service requirements and operating costs of new facilities and infrastructure improvements. (Section VII, Capital Projects and Operational Impacts)
Operating Budget Forecast	Operating plan to facilitate financial planning.	DOA Budget Division staff work together with department staff to determine key forecast assumptions to project major revenue sources and expenditures.	Provides for budget stability, planning and direction for future resource allocation decision-making.

WAUKESHA COUNTY PLANNING PROCESSES, CONT.

	TYPE OF PLANNING PROCESS	DESCRIPTION OF PROCESS	BUDGET IMPACTS
Technology Projects Review Process	Multi-year (3 years) technology review process.	Department submit projects for review by Technology Review & Steering Committees. Criteria established to set priorities and make recommendations for funding.	Provides for thorough technology review, considers best practices and cost/benefit criteria. Ranks projects to meet budget priorities over three-year planning period.
End User Operations Technology Support (Internal service fund)	Multi-year plan to replace computers and network infrastructure. Provides for maintenance, help desk support & web administration, Records Management.	DOA Information Systems (Computers) and Records Management (Copiers) maintain inventories and approve replacements/maintenance based on established criteria.	Allows for the funding of replacements, maintenance, help desk support, network infrastructure replacement and web administration annually. Replacement decisions consider changing software technology, economic issues, maintenance costs and downtime. Based on Total Cost of Ownership (TCO) concepts.
Building Maintenance	Five year plan by facility and maintenance activity or project.	Public Works Department prioritizes Departments' request for projects along with known required maintenance.	Provides a stable annual level of expenditures to insure continued maintenance of county facilities. (Public Works Section, 5 Year Building Improvement Plan)
Parks Maintenance	Three year plan to address County grounds and park facilities.	Parks and Land Use Department schedules identifies ground maintenance projects according to priorities and funding level.	Provides for a stable annual level of expenditures to insure the continued maintenance of county grounds. (Parks, Environment, Education and Land Use Section, 3 Year Maintenance Plan)
Vehicle/Equip. Replacement (Internal service fund)	Five year plan to replace most vehicles and contractor type equipment.	A Vehicle Replacement Advisory Committee reviews and approves replacement criteria.	Allows for the funding of replacements annually at an established base level and insures that the condition of the fleet is at an optimum level reducing fleet maintenance and costs of service. (Public Works Section, 5 Year Vehicle/Equipment Replacement Plan)
Highway Improvements Program - Culvert Replacement - Repaving Plan - Bridge Replacement -Signal/Safety Improvements	Internal ten-year plan to maintain and improve County trunk highway system that integrates with the 5-year Capital Planning Board.	Public Works Staff develops an internal highway improvement program based on SEWRPC's Highway Jurisdictional Plan with priorities and criteria. - Replace 15-20 culverts annually - Resurface 20 mi. of CTH using pavement mgmt. system with pavement index goal of >70%. - New traffic signals Installs	Long Term planning for highway infrastructure needs mitigates future on-going maintenance costs, addresses highway safety issues, extends the life of highways and bridges and delays the need for their reconstruction.

FINANCIAL MANAGEMENT POLICIES

Waukesha County's long and short-term financial policies are derived from various sources. The State of Wisconsin Statutes prescribe the basic budgeting standards for County governments. The Waukesha County Code establishes the basis of accounting in conformance with generally accepted accounting principles. Below is a description of the County's fiscal management policies for revenues, operating expenditures, capital improvements, debt, investments, reserves, basis of budgeting and accounting methods. **The County budget is considered balanced as County budgeted expenditures are funded by a combination of various external revenue sources, property taxes and funds available in fund balances identified in the prior year CAFR.**

In addition to the statutory requirement and conformance with recognized financial standards, Waukesha County's commitment to strategic budgeting requires that decisions will be made in conformance with the County's budget philosophy.

Waukesha County Budget Philosophy

The overriding goal of the Waukesha County budget has been to keep in balance County spending needs with the people's ability to pay.

- **Incorporate citizen and stakeholder involvement**
- **Establish links to strategic planning**
- **Decisions based on measurable objectives**
- **Moderate and stable revenues and expenditures**
- **Will not offset State revenue cuts with County property tax increases**
- **Investments today pay future dividends**
- **Protect our Aaa / AAA bond ratings**

FINANCIAL MANAGEMENT POLICIES, CONT.

Revenue

1. The County relies on the property tax as its sole source of local tax revenues to fund state and local programs and services. Property taxes account for about 34.5% of total revenues. Excluding interdepartmental revenues, which are mostly charges from County internal service funds, property taxes account for 38.2% of revenue. Other tax options allowable by statute to counties include a 0.5% County sales tax and a local motor vehicle registration fee. Waukesha County has not implemented these other tax options.
2. The County continues its efforts for greater reliance on user fee service charges to offset reductions of Federal/State funding and to supplement property tax revenues. The County attempts to maintain a diversified and stable revenue stream. Service fee charges (user fees) are implemented for services that can be individually identified and where costs can be directly related to the level of service provided. The County's budgeting philosophy is to annually provide at least nominal inflationary increases on most user fees.
3. The County maximizes its return on investment consistent with its investment policy. Investment income is a reliable funding source because of strict adherence to investment and liquidity guidelines, which is used to reduce reliance on the property tax levy.
4. The County aggressively pursues advantageous grant funding opportunities to bring Federal and State tax dollars back to the local economy and allows for expanded services to assist community residents. The budget continues funding to contract for a grants coordinator consultant and for access to a grants locator website to help locate alternative funding sources and provide technical assistance to departments applying for grant funding.

Levy Limits – Property Tax Freeze

Enrolled 2005 Wisconsin Act 25 (2005-2007 State Budget) establishes local levy limits for the 2006 and 2007 budget. The law prohibits a county from increasing its total levy by more than the percentage change in the county's January 1 equalized value growth due to new construction, less improvements removed, between the previous year and the current year. Debt service is exempt from the levy limit.

The 2006 budget meets the tax levy limit as adopted in the Wisconsin 2005-2007 State Budget, and the levy limit as submitted by the State Legislature prior to the Governor's partial veto modification.

Property Tax Levy Rate Limit

Limits have been imposed on the property tax levy rates for Wisconsin counties. There are separate limits for the operating levy and the debt service levy. The baseline for the limits is the actual 1992 tax rate adopted for the 1993 budget. The operating levy rate and the debt levy rate cannot exceed the baseline rates unless the county qualifies for one of the exceptions allowed under the statute, as described below. The statute establishes specific penalties for failure to meet the freeze requirements. Among the penalties for exceeding the limits is reduction of state shared revenues and transportation aids.

The operating levy rate can be exceeded only if responsibility for services is transferred to the County from another governmental unit (transfers by the county to other governmental units reduce the maximum rate) or if an increase in the maximum rate is approved by referendum.

FINANCIAL MANAGEMENT POLICIES, CONT.

Property Tax Levy Rate Limit (Cont.)

The 2006 budget is within both the operating and debt tax levy rate limitations contained in the state law, and is within the limit even without the exception from the debt service rate limits which apply to the County's obligations.

The debt service rate limit can be exceeded to the extent necessary to pay debt service on obligations authorized or issued prior to the effective date of the State's 1993-95 budget bill (August 12, 1993). Additional general obligation bonds or notes can be issued only if one of the following conditions are met: (a) the bonds or notes are approved by referendum, (b) the county board adopts a resolution that sets forth its reasonable expectation that the issuance will not cause the county to exceed its debt levy rate limit, (c) the debt is issued for regional projects, (d) the debt is issued to refund existing debt or (e) the resolution authorizing the debt is approved by a vote of at least 3/4 of the members-elect of the county board. In addition, counties are prohibited from using the proceeds of general obligation bonds or notes to fund the operating expenses of the general fund or special revenue funds that are supported by property taxes.

The County Board has adopted each debt issue since the tax levy limits took effect by votes of greater than 3/4 of the members elect. Therefore, each note issued is not subject to the debt service rate limit.

Operating Expenditure Budget

1. State Statutes require budgetary control at the total expenditure level by agency; however, the County's policy requires more stringent controls. The operating budget control is established for a department's fund budget by appropriation unit categories or classes of accounts (i.e. Personnel Costs, Operating Expenses, Interdepartmental Charges and Fixed Assets) for governmental funds. For proprietary funds, capital projects and debt service funds total expenditure level is the control limit.
2. In the 2001 budget, the fixed asset capitalization level was raised from \$1,000 to \$5,000 to be consistent with Federal and State fixed asset capitalization levels and to help relieve the additional administrative burden of asset inventory tracking imposed by Governmental Accounting Standards Board (GASB) pronouncement #34.
3. The County Executive establishes specific departmental operating budget tax levy target guidelines to limit County spending and taxes in budgets presented to the County Board by October 1st of each year. This year the County Executive set targets to abide by the State tax freeze on local municipalities and counties. The State tax levy freeze proposal allowed for tax levy growth for counties to the extent of year to year growth in property valuation from new construction only. In addition, it allowed for an exemption for tax levy required for new shared services with other governments where the service is to be provided by the County. Tax levy targets issued for all departments are tighter than normal and do not provide for the cost to continue operations as in the past in order to adjust to tighter tax levy targets, frozen State revenues and other State/Federal mandate impacts.
 - All governmental (general and special revenue) funds with tax levy support and revenue flexibility are required to meet more stringent tax levy targets.
 - The smaller departments with usually less than \$1.0 million in tax levy support and limited revenue generating capabilities received tighter expenditure based targets than in previous years, which generally provided for cost to continue.

FINANCIAL MANAGEMENT POLICIES, CONT.

Operating Expenditure Budget (Cont.)

- Departments having Enterprise, Internal Service and certain non tax levy supported Special Revenue funds are expected to generate operating revenues sufficient to offset costs. Tax levy is provided to certain enterprise funds to make scheduled debt service payments, or to fund a projected net operating loss; or to provide cash flow for fixed assets purchases. Internal Service fund operations receive no direct tax levy (although department revenues may be levy funded) and are limited to billing rate service charge increases at or near inflationary costs (with any proposed rate increases based on cost justification). Certain Special Revenue funds are limited to tax levy funding which meets local match funding requirements.
 - Special initiative or decision service package requests that are sound investments may receive funding over target amounts or cost to continue funding. These requests, if granted are based on documented need or specific cost/benefit justification.
4. The Public Works Department includes a Highway Pavement replacement program in the Capital Projects budget. The estimated 18 to 20 year replacement cycle is implemented based on pavement ratings system to address safety issues and highways with the greatest need of upgrade.
 5. A five-year Vehicle/Equipment Replacement Plan is updated annually to specify the replacement cycle for County vehicles and equipment that meet the required criteria. Adopted in 1990 by the County Board, the plan reduces year-to-year fluctuations in departments' fixed asset budgets, and helps to ensure that the County's vehicles and equipment are replaced before age or usage cause excessive maintenance costs and expensive equipment downtime. A Vehicle/Equipment Replacement Fund was created to implement the plan. Replacement vehicles and equipment are purchased from this fund, and user departments pay for the asset through an annual charge (see the Public Works section, Vehicle/Equipment Replacement Fund).
 6. A Computer Equipment Replacement Fund was established in the 1996 budget to provide funding for computer equipment repairs, maintenance, and replacements on a regular schedule. In 2001, this fund was re-titled to the "End User Technology (EUTF) Fund" and increases funding for all personal computer support including web based Internet activities, e-government initiatives, network infrastructure needs and help desk support. A long-term plan is intended to manage the year to year variation in budgeting requirements by basing computer and infrastructure replacement and repair decisions on changing technology and just in time replacement, maintenance and other economic issues. The fund has evolved and expanded to reflect "total cost of ownership" in the appropriate departmental program budget. During the start up years of this program, tax levy, general and EUTF fund balance appropriations has provided the necessary funding until the costs can be fully absorbed by annual charges to departments. The 2006 Budget consolidates the former Records Management Fund to incorporate and gain efficiencies with identifying appropriate record access/retrieval methods, imaging and electronic document management technology into the re-named End User Operations and Technology Fund (EUOTF). (See the Non-Departmental budget section)
 7. The Parks and Land Use Department is responsible for the County's Grounds Maintenance and Parks Pavement Management Program. The Department has established a three-year Parks maintenance program, which includes a parks roadway maintenance program as well as continued maintenance of County grounds and park facilities as a priority area within the department's operating budget.
 8. The Public Works department maintains a five-year Building Improvement Plan. The five-year Building Improvement Plan identifies and prioritizes future building improvement projects, including mechanical infrastructure replacements required for proper maintenance of County facilities. The first year of these plans is included in the operating budget and individual projects are usually less than \$100,000, therefore the capital budget and financing is not used to fund these projects.

FINANCIAL MANAGEMENT POLICIES, CONT.

Capital Improvement Plan

1. The County prepares and adopts a five-year capital improvement plan, which provides comprehensive planning, budget stability and analysis of the long-range capital needs of the County. The plan describes details of each capital project, estimates project cost and priorities, identifies funding, cost/benefit or return on investment analysis justification, alternatives considered and estimates impacts to the operating budget.
2. A Capital Project is defined as an active or proposed non-recurrent expenditure in one or more specified plan years of an amount normally in excess of one hundred thousand dollars (\$100,000) for a permanent fixed asset (building or land improvements, technology improvements or equipment installation) which has a useful life or extends the useful life of an existing fixed asset, usually in excess of seven years.
3. Building construction and renovation projects in the capital plan are required to follow the County's established building methodology process. Information Systems projects are required to follow an established Technology review process.
4. Operational impacts of capital projects indicate the annual on-going and one-time costs or savings associated with implementing the capital improvement program. The additional on-going impacts are included in the department's operating budget requests. This includes providing for additional personnel, operating costs, needed fixed assets or any new/additional revenues to be achieved. Cost savings are also identified in the department's budget if base budget costs can be reduced or cost increases are offset or avoided. Major operating impacts (excluding Debt Service) in the budget are identified in each department operating budget and explained in further detail in the Capital Projects section. Debt Service impacts are also identified in further detail in the Debt Service section.

Debt Policy

1. Capital projects are in part financed through the issuance of general obligation promissory notes with a goal to borrow for less than 80% of net capital project expenditures to manage the debt service to operating budget expenditures ratio at less than 10%. The five-year debt service plan is based on net capital expenditures planned in the County's five-year capital plan. See Debt Service Activity data for current trends.
2. The County structures its debt borrowing issues with a moderate term of nine to ten years and to maintain stable annual debt service payments to avoid major fluctuations between years.
 - Promissory notes are amortized with larger payments in the final year to integrate new debt with existing debt to achieve stability. The continuation of the current debt strategy allows for the larger principal payments of each successive annual debt issue in the years that previous years' issues have been retired (see Debt Service Section Requirements page and Projected Debt Service illustration page).
3. By State Statute, the County's debt obligations cannot exceed 5% of the equalized value of all property in the County, including Tax Increment Financing Districts. The County has over 95% availability of its statutory debt limit with the planned 2006 debt issue of \$12.0 million.

FINANCIAL MANAGEMENT POLICIES, CONT.

Reserve Policy

1. The County will maintain unrestricted fund balances to provide necessary working capital to avoid cash flow interruptions and short-term borrowing to fund daily operations. These fund balance reserves are used to generate interest income, and assist in maintaining the County's Aaa/AAA bond ratings.
 - The unrestricted governmental (general and special revenue) fund balance to governmental expenditures ratio is maintained at a minimum of 11%.
 - An explanation of the County's fund balance projections for each year-end December 31, is provided in the Summary section of the Adopted Budget document and is published as part of the mandatory Budget Public Notice issued in September.
2. The County's Contingency Fund provides for emergencies or other expenditures which could not have been planned for or anticipated during the budget review process. Contingent fund transfers are authorized by the Finance Committee (fund transfer) and/or the County Board (by ordinance) as allowed by state law, if the need is of sufficient urgency, and is not a circumvention of the budget process.

Investments

The County has adopted an investment policy with primary objectives of the preservation of capital in the overall portfolio, to protect investment principal and to maintain liquidity and maximize returns on investment. Investments are primarily limited to U.S. Treasury obligations and Government Agency Securities; Aaa rated Money Market Funds and the State of Wisconsin Investment Pool. Significant management effort is directed toward managing the average and maximum life and duration of securities in the portfolio to ensure that liquidity needs are met.

Accounting Policy and Basis of Budgeting

1. The official books and records of the County will be maintained in conformance with accounting principles generally accepted in the United States of America as promulgated by Governmental Accounting Standards Board (GASB)
2. The accounting records of the County are maintained on the modified accrual basis of accounting for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, and Agency Funds and on the full accrual basis of accounting for the Enterprise funds, Internal Service Funds and permanent Fiduciary Trust and Accounting Funds. In general, under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets. In addition the County publishes entity-wide statements prepared on the full accrual basis. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Under the full accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when liabilities are incurred without regard to receipt or disbursement of cash. The County's fiscal year is on a calendar year basis from January 1 to December 31. An expanded explanation of the County's accounting policies is contained in the Notes to Combined Financial Statements in the Comprehensive Annual Financial Report (CAFR).

FINANCIAL MANAGEMENT POLICIES, CONT.

Accounting Policy and Basis of Budgeting (Cont.)

3. Budgetary control is maintained by a formal appropriation and encumbrance system. The annual budget approved by the County Board is by department appropriation unit in each fund (with the exception of proprietary funds, which are controlled by total expenditure budgets and capital projects, which are controlled by project). An appropriation unit is a group of accounts within a department. Types of appropriation units include Personnel Costs, Operating Expenses, Interdepartmental Charges, Fixed Assets and Improvements (capital outlay) and Debt Service. Budgetary control is maintained by appropriation unit, within department, within fund. Purchase orders or payment vouchers which result in an overrun of the appropriation unit are not released or paid until additional appropriations are made available in accordance with County policy.
4. An appropriation system of internal control will be maintained to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgements by management.
5. The County budget is adopted as required by State statutes prepared on substantially the same basis as the financial statements. The basis of budgeting is in accordance with Generally Accepted Accounting Principles (GAAP). However, budgetary expenditures include encumbrances and budgetary revenues include all property taxes levied for the fiscal year and unrestricted fund balance appropriations. In addition, Proprietary Fund budgets do not budget for compensated absences and non-operating gains or losses on disposal of fixed assets. Fixed asset purchases and debt principal repayments in Proprietary Funds are shown as memo items for budget disclosure purposes to comply with State law. For certain funds with significant outside (i.e. non-County) Capital Investment, the County budgets only for the portion of depreciation expense proportionate to the County's contribution. The County does not budget for Jail Assessment fee revenues in the year they are received, but applies these fee payments on a one year delayed basis to fund jail related capital projects and related debt service. **Fiduciary Funds - Permanent Trust and Agency funds are not included in the budget. The Comprehensive Annual Financial Report shows fund expenditures and revenues on both a GAAP basis and budget basis for comparison purposes.**
6. County policy, in accordance with state and federal requirements, is to provide for an annual audit of the financial records of the government by a competent certified public accountant. In addition to meeting the requirements set forth above, the audit was also designed to meet the requirements of the federal Single Audit Act of 1984 and related U.S. Office of Management and Budget Circular A-133. The independent auditors' report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of the Comprehensive Annual Financial Report (CAFR). The auditors reports related specifically to the single audit are included in a separately issued single audit report.
7. Full disclosure for bond representation is provided in the County's official statement. Beginning in 1996, in order to comply with Section Rule 15c2-12, continuing disclosure will be provided to recognized municipal securities information repositories, utilizing the Disclosure USA service by filing copies of the Comprehensive Annual Financial Report.

Capital and Operating Budget Process

Operating Budget Process	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Review prior year results/identify potential budget issues.												
Analyze impact of State budget on County funding/programs.												
Develop budget assumptions and Internal Service rates for the ensuing year.												
Department budget targets developed and issued.												
Department budget development.												
Co. Executive holds Town Hall public hearing on budget.												
Departments submit budget and new position requests.												
Department Heads present budget requests to Co. Executive.												
Executive budget prepared.												
Co. Executive message and budget presented to Co. Board.												
Publication of County Board Public Notice.												
Finance Committee holds public hearing on Proposed Budget.												
Committees review of Co. Executive Proposed Budget.												
Finance Committee reviews amendments and makes recommendation to Board												
Co. Board votes for adoption/amendment of budget.												
Co. Executive vetoes (if necessary)- Co. Board action.												
Budget Monitoring												

[illegible]

CAPITAL AND OPERATING BUDGET PROCESS

The annual budget process, under a County Executive form of government, is comprised of the development of both an operating budget and a capital budget with a five-year capital plan. Both processes involve department budget submittals to the County Executive for review and approval. The resulting Executive's Budget is then presented to the County Board and reviewed by County Board Committees as assigned by the County Board Chairman and as designated in County Code. Standing Committees review the budget and recommend amendments to the County Board. The Executive Committee reviews, prioritizes, and makes recommendations relative to the five year capital plan for County Board consideration. The County Board considers Committee and individual supervisor amendments and adopts a budget. The County Executive may exercise a line item veto of provisions contained within the County Board adopted budget. The County Board reviews all vetoes and takes action to override or sustain vetoes.

The chronological sequence of events followed by the Capital and Operating Budget Processes is as follows:

	<u>Capital Budget and Five Year Plan</u>	<u>Operating Budget</u>
JAN-MAR (1 st Qtr)	All open projects reviewed; completed projects closed List of current projects developed and submitted to departments	Review prior year results/identify potential budget concerns and issues to develop solutions Formulate budget strategies, planning and update forecast Analyze impact of State Budget on County funding and programs
APR-JUNE	Review of open and planned projects Preliminary consideration of new project requests Technical reviews of project requests by Facilities Management, DOA-Information Systems Division, DOA-Budget Division and Executive's Office	Develop budget assumptions for ensuing year Budget procedures instructions, Internal Service Rates updated and distributed to departments Budget training provided to County Board of Supervisors, department Heads and fiscal staff Departmental budget targets issued Departments submit new position requests
JULY-AUG	County Executive holds Town Hall meetings Departments present project plans to County Executive Executive review and decision making Executive's capital budget and five year capital plan developed and finalized	County Executive holds Town Hall meetings Departments submit budget requests DOA-Budget Division staff review and analyze budget requests Department administrators present budget requests to County Executive DOA-Employment Services Division, Budget Office, and Executive's Office review and recommend new/abolish positions DOA Budget staff make recommendations to Exec. Executive makes budget decisions
SEP-OCT	Executive presents 5 year capital plan to County Board County Board Chairman designates distribution Appropriate Board Committees review and recommend amendments Executive Committee reviews and considers committee recommendations Executive Committee presents resolution to adopt capital plan County Board acts on proposed amendments and adopts capital plan	Executive budget prepared County Executive message and budget document presented to County Board Publication of Public Notice Finance Committee holds Public Hearing on Executive's proposed budget Standing Committee budget reviews Finance Committee budget reviews and consideration of Committee amendments Personnel Committee reviews and presents ordinance recommending new positions to County Board

CAPITAL AND OPERATING BUDGET PROCESS cont.

	<u>Capital Budget and Five Year Plan</u>	<u>Operating Budget</u>
NOV	Capital budget appropriations are made in conjunction with the adoption of the operating budget	County Board agendas ordinance to adopt budget for second week of November Finance Committee presents ordinances to adopt budget, distributes and recommends budget amendments Standing Committees/Supervisor propose additional budget amendments County Board acts on amendments and adopts budget County Executive reviews budget and may line item veto County Board review/takes action on vetoes

Budget Amendment Process

The Waukesha County budget process operates pursuant to Section 65.90(5)(a) and (b), Wisconsin Statutes. Any expenditure change which deviates from the original purpose or amount approved in the adopted budget constitutes a "budget change" and must be approved by a two-thirds vote of the entire County Board. Budget changes made under this statutory provision, except for Finance Committee transfers described in #1 and #2 below, require the County to publish a class 1 notice within 10 days after a change is made. Failure to give notice precludes changes in the proposed budget.

To amend the budget an ordinance is prepared by the requesting department, reviewed by the Department of Administration and the County Executive. If the County Executive approves the ordinance, it is forwarded to the County Board for action. All such ordinances amending the County Adopted Budget require a two-thirds majority vote of the entire membership (24 votes of County Board).

State law also permits county boards to delegate specific budgetary fund transfer authority powers to its finance committee. In Waukesha County, the County Board, in accordance with State Statutes, has empowered the Finance Committee to authorize the following fund transfers:

1. To transfer funds between budgeted items of an individual office, agency or department, if such budgeted items have been separately appropriated.
2. To supplement the appropriation for a particular office, department or activity by transfers from the contingent fund. Committee transfers shall not exceed the amount set up in the contingent fund and may not exceed 10% of the funds originally appropriated for an individual office, department or activity. Transfers in excess of 10% must follow the budget amendment process.

If a transfer of funds is determined to be necessary and the above two criteria are met, then the requesting department prepares the transfer request and submits it to the DOA-Budget Division for review and a recommendation to the County Executive. If the County Executive approves the request, it is forwarded to the Finance Committee for action.

FINANCIAL STRUCTURE

Summary

Waukesha County (the County) was incorporated in January 1846, and operates in accordance with provisions set forth in Chapter 59 of the Wisconsin State Statutes. The County is governed by a County Board. In April 1991, the County elected its first County Executive to coordinate and direct all administrative and management functions of County government which are not vested in other elected officials. The Executive has the authority to propose and veto legislation, and formulate the County budget and veto in whole or in part the budget adopted by the County Board. A two-thirds vote (24 members) of the Board is required to override each County Executive veto.

The County provides many functions and services to citizens, including but not limited to law enforcement, justice administration, health and human services, parks, education and cultural activities, planning, zoning, land use, environmental including water quality, recycling and general administrative services. Other activities the County provides are public works services including highway operations, mass transit, airport and fleet and facilities maintenance. In addition, golf courses, and ice arenas, a convention and meeting facility and grounds are available for citizen use.

Fund Accounting

Similar to most government entities, the County organizes its finances on the basis of funds and account groups. Each fund is considered a separate accounting entity. Operations of individual funds are accounted for with a separate set of accounts that consists of its assets, liabilities, fund equity, revenue and expenditure or expenses, as appropriate. County resources are accounted for in each fund based on the purpose for which they are spent and by which spending activities are controlled. In 2002, the County implemented the new financial reporting mode required by Governmental Accounting Standards Board (GASB) Statement 34. In addition to traditional fund reporting, a statement of activities and statement of net assets are prepared on an entity-wide basis.

Fund Types

Funds are normally classified according to the accounting conventions which apply to them. The County presents financial statements in its Comprehensive Annual Financial Report (CAFR), grouped into three broad fund categories comprised of seven fund types as indicated below. Note however, the County does not budget for fiduciary fund types **(For more detailed information, see Fund Balance Projections and Fund Descriptions within the Summary.)**

"GOVERNMENTAL FUNDS" are governed by standards developed specifically for government activities.

General Fund - The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

FINANCIAL STRUCTURE, Cont.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term principal, interest and related costs, but excludes debt serviced by proprietary funds.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources which are used for all acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust fund).

"PROPRIETARY FUNDS" are governed by the same accounting standards which apply to private business.

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County or to other governments on a cost reimbursement basis.

"FIDUCIARY FUNDS" are agency funds. **Note the County does not budget for these funds.**

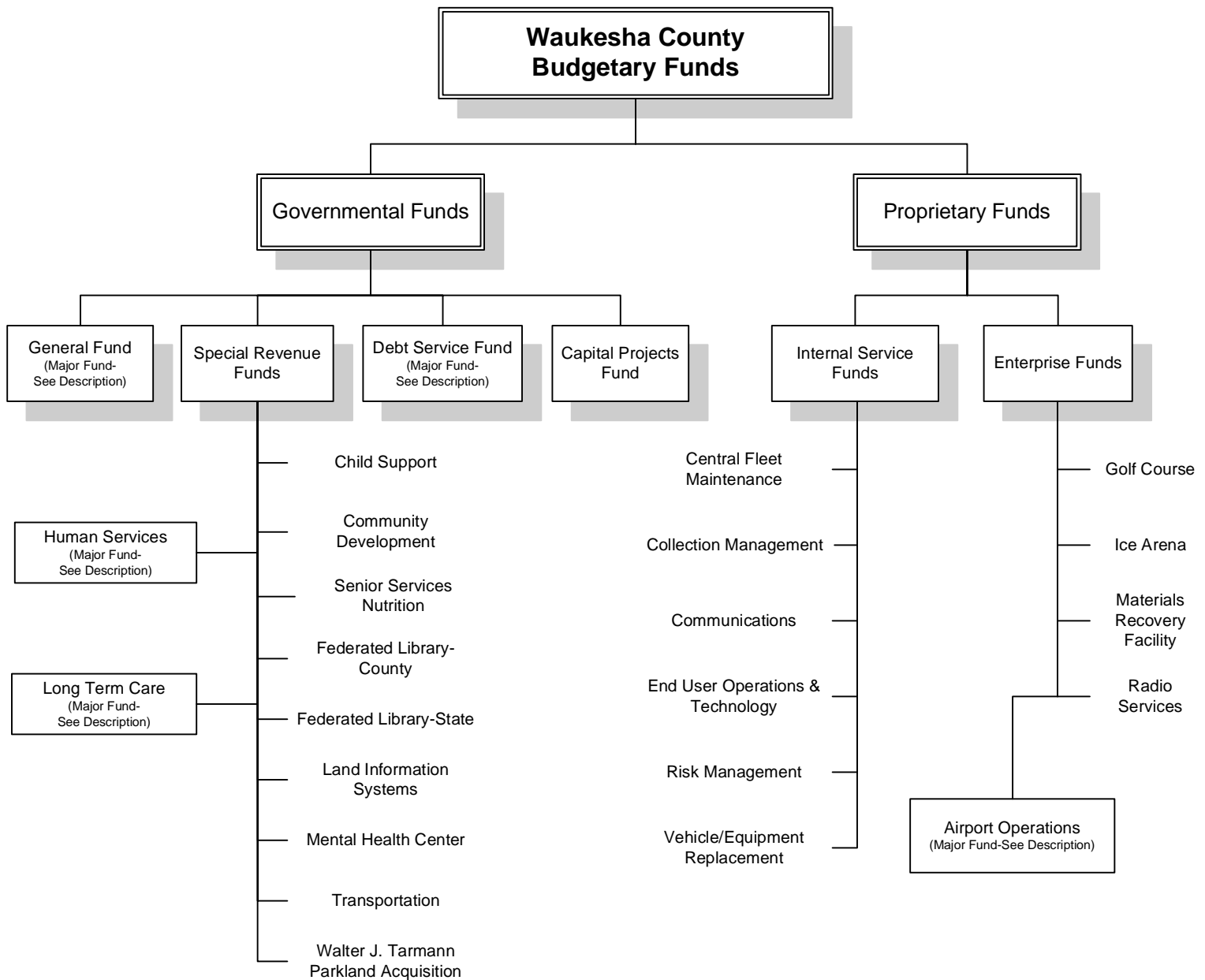
Agency Funds - Agency Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

"MAJOR FUNDS" - The County also presents financial statements in its Comprehensive Annual Financial Report (CAFR), grouped by Major and Non-Major fund. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- a) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b) The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c) In addition, any other governmental or proprietary fund that the County believes is particularly important to financial statement users may be reported as a major fund.

The County has five major funds; General, Human Services, Long Term Care, Debt Service and Airport. The County's financial structure and definition of major funds are included in the Budgetary Fund Structure organizational chart on the following page.

For more details regarding Basis of Accounting, refer to the County's Year End Comprehensive Annual Report (CAFR) Notes to Combined Financial Statements.



GENERAL FUND - The General Fund is the primary operating fund of the County. It is used to account for resources traditionally associated with governments, except those required to be accounted for in another fund.

HUMAN SERVICES FUND - To account for funds provided for income maintenance, counseling, alcohol and drug abuse programs, children's center services, services to the developmentally disabled, chronically mentally ill, elderly and administrative support services.

LONG TERM CARE FUND - To account for federal and state funds that provide services to eligible persons who are elderly, developmentally disabled, physically disabled or have long-term mental illnesses.

DEBT SERVICE FUND - The debt service fund is used to account for the accumulation of resources for the payment of general long-term debt principal, interest and service costs.

AIRPORT OPERATIONS FUND - To account for the operation and maintenance of the County airport buildings and runways, located in Waukesha, Wisconsin.